

ReedSmithDriving progress
through partnership**John B. Berringer**

Direct Phone: +1 212 205 6010

Email: jberringer@reedsmith.comUSDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 8/12/2021Reed Smith LLP
599 Lexington Avenue
New York, NY 10022-7650
+1 212 521 5400
Fax +1 212 521 5450
reedsmith.com**MEMO ENDORSED**

August 6, 2021

VIA ECFHon. Valerie Caproni
United States District Judge
Southern District of New York
Thurgood Marshall
United States Courthouse
40 Foley Square
New York, NY 10007**RE: The Roman Catholic Diocese of Rockville Centre, N.Y. vs. Arrowood Indemnity Co.
20-CV-11011 (VEC)**

Dear Judge Caproni:

This letter is sent on behalf of Plaintiff Diocese of Rockville Centre, New York (the “Diocese”) pursuant to the Court’s directive that the parties report to the Court by August 6, 2021 on the status of their efforts to agree on voluntary disclosure in advance of anticipated mediation in the Diocese’s Chapter 11 Case that would avoid any need for formal discovery, at least until mediation is concluded. Unfortunately, the parties have reached an impasse.

As matters now stand, the Diocese has offered to voluntarily disclose all of the “merits” documents it has agreed to disclose to the Committee of Unsecured Creditors (the “Committee”), as described in its July 28, 2021 letter to counsel for Defendant Arrowood Indemnity Co. (“Arrowood”), attached as Exhibit A.

The Diocese had agreed to produce such documents in its initial correspondence to Arrowood on June 15, 2021, attached as Exhibit B. When counsel for Arrowood questioned how this production compared to its prior and anticipated document requests (see Exhibit C), the Diocese provided (in its July 28 letter) a detailed description of the documents in the Committee production as they related to Arrowood’s prior and anticipated requests for documents. As a review of the Diocese’s letter demonstrates, the Diocese’s voluntary disclosure of the Committee production would satisfy nearly all of Arrowood’s outstanding and anticipated requests for documents.

In exchange for this voluntary disclosure, the Diocese proposed that Arrowood agree to enter into a stipulation, attached as Exhibit D, deferring formal discovery in this Adversary Proceeding until efforts to arrive at an agreed Chapter 11 Plan are terminated. On August 4, 2021, in correspondence attached as Exhibit E, Arrowood rejected the Diocese’s offer.

Hon. Valerie Caproni
August 6, 2021
Page 2

ReedSmith

Then, without any further attempt to reach a resolution of this issue without Court intervention, Arrowood's counsel filed its August 5 letter with the Court. In its letter, Arrowood engages in a lengthy ad hominem attack on the good faith of the Diocese and its counsel and ends by requesting a conference with the Court. The Diocese respectfully requests an opportunity to address at such a conference Arrowood's numerous misstatements. In the interim, however, the Diocese believes that a review of the correspondence described above will demonstrate the good faith of the Diocese and its counsel in attempting to arrive at a sensible resolution of the disclosure needed for mediation.

In fact, the Diocese believes that its offer is an extremely reasonable compromise. It provides Arrowood with voluminous disclosures, more than sufficient to permit Arrowood to prepare for mediation—its stated goal in pressing for these disclosures—while protecting the Diocese from a “two front” war. The Diocese should not be forced to protect itself from the aggressive prosecution of insurance coverage defenses by the insurance company charged with defending the Diocese while simultaneously seeking to arrive at a consensual Plan with all parties, including Arrowood. Because this Adversary Proceeding concerns a coverage dispute regarding liability insurance policies, the facts relevant to the insurance coverage are the facts established in the resolution of the underlying claims. Under the Diocese's proposal, Arrowood is receiving all of the detailed factual information about the underlying claims that the underlying claimants themselves are receiving. Tellingly, Arrowood does not identify any category of documents needed for mediation that would not be voluntarily produced by the Diocese under its proposal.

In sum, the Diocese requests that the Court grant the Stay sought by the Diocese in its Motion for Judgment on the Pleadings, subject to the Diocese's voluntary disclosures to Arrowood described above and in the attached Exhibits.

Respectfully,

s/John B. Berringer
John B. Berringer

JBB/bt

Enclosures

cc: Adam Smith, Esq. [asmith@cmg.law]
Timothy P. Law, Esq. [TLaw@ReedSmith.com]
Ann V. Kramer, Esq. [AKramer@ReedSmith.com]

The Court hereby stays fact discovery in this matter through the resolution of the Diocese's motion for judgment on the pleadings. The Court encourages the parties to continue meeting and conferring on voluntary disclosures.

SO ORDERED.

A handwritten signature in blue ink, appearing to read "Valerie Caproni".

Date: August 12, 2021

HON. VALERIE CAPRONI
UNITED STATES DISTRICT JUDGE